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GROUP

**HOSPITALIZATION AND
MEDICAL INSURANCE**

PLANS


IN CANADIAN MANUFACTURING INDUSTRIES



**ECONOMICS AND RESEARCH BRANCH,
DEPARTMENT OF LABOUR, OTTAWA**

GROUP HOSPITALIZATION AND MEDICAL INSURANCE PLANS
in Canadian Manufacturing Industries

Economics and Research Branch
Department of Labour
Ottawa



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FOREWORD

This study of group hospitalization and medical insurance plans in Canadian manufacturing industries is the first special report prepared in this field by the Economics and Research Branch of the Department of Labour. General statistics on this form of insurance have been released in the Labour Gazette from time to time based on data gathered through the Survey of Working Conditions. The Branch has also assisted the Department of National Health and Welfare in obtaining material which has been used in that Department's publications on medical and hospital insurance.

The statistics presented herein were obtained through the Survey of Working Conditions, and the report was prepared by Mr. Allan Porter of the Labour-Management Division of the Branch.

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December, 1958.
Ottawa.

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INTRODUCTION

Protection against the financial exigencies caused by illness and injuries has become, since the end of World War II, one of the most widespread benefits received by Canadian workers. By means of group insurance plans of various types, a growing number of employees have acquired the means of meeting expenses due to hospitalization, surgery, and medical attention, either in the hospital, at the doctor's office or at home. This study will examine such plans and will restrict itself almost entirely to the manufacturing industries; however, the statistics show that except for the service industries, group hospital-medical insurance was a widely adopted practice in most of Canadian industry in 1957.

The statistics are drawn from the Annual Survey of Working Conditions conducted by the Economics and Research Branch of the Department of Labour in April of each year. Data based on the 1957 survey will be inserted wherever possible, but most of the information to follow is drawn from the 1956 survey which undertook a more intensive examination than usual of group hospital-medical insurance plans.

This study will concentrate on those plans which were financed at least in part by the employer. Aside from the first table (A1), the statistics relate to plans towards which the employer made a financial contribution, or which he in some cases financed completely.

The report is divided into the following parts:

Part A shows the prevalence of individual types of hospital-medical benefits as well as combinations of these benefits which make up different kinds of plans. Some of the statistics are presented by industry and by size of establishment (based on the average number of non-office employees in the establishment). This part also includes statistics on the actual number of employees covered by each of the individual types of benefit.

Part B examines the special characteristics of the plans, such as the extent to which employee participation in the plan was compulsory, the degree to which an employee's dependents as well as the employee himself were covered, and whether benefits were of the service or the indemnification type (terms which will be defined in that part of the study).

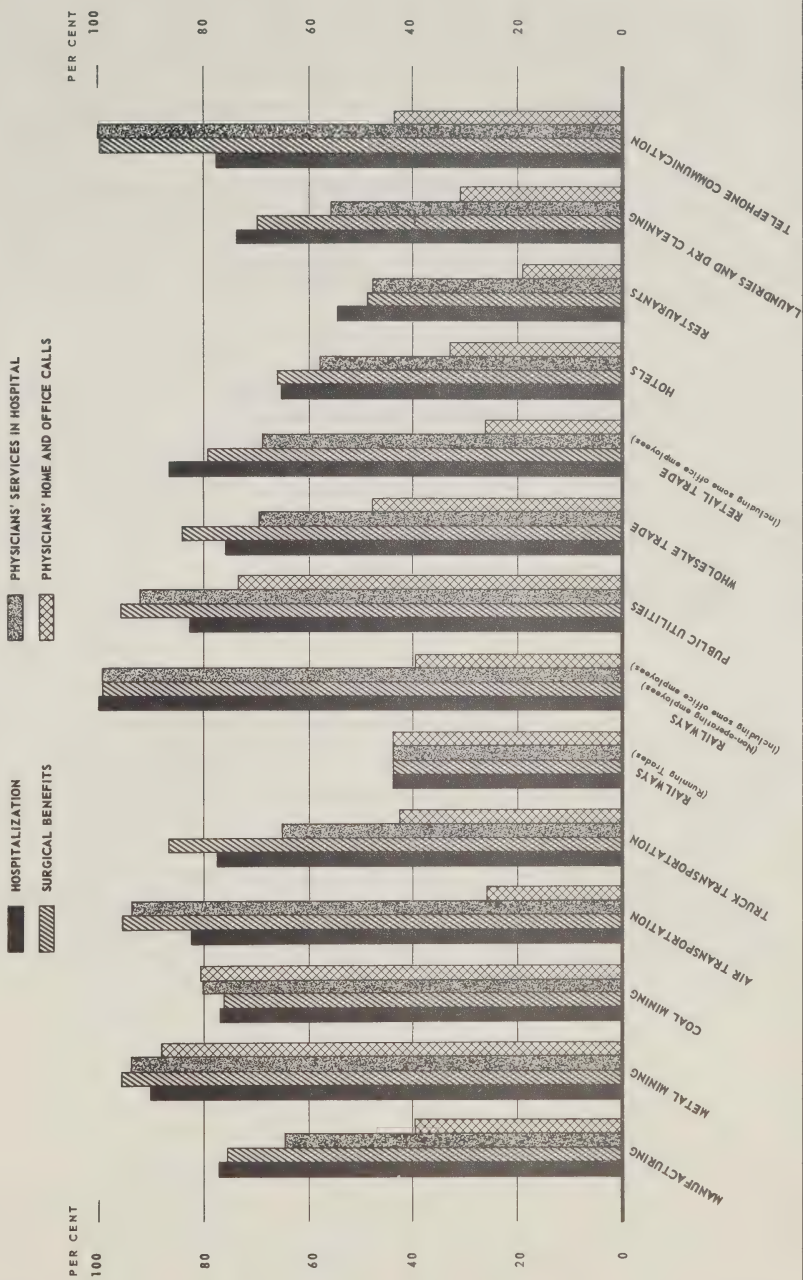
In Part C, there is a discussion of the proportion of the premium paid by the employer, as well as some reference to the premiums charged.

The 1956 Working Conditions Survey, from which most of the statistics in this study are drawn, covered most manufacturing establishments in the country with 15 or more employees; the actual number of establishments covered was 6,166, with 1,004,646 employees made up of 204,881 office workers and 799,765 non-office workers. The most recent information from the Dominion Bureau of Statistics on total employment and aggregate number of establishments (including those with fewer than 15 employees) in manufacturing is for 1955, and it shows a total of 38,182 establishments with 1,298,461 employees. (A preliminary estimate of employment for 1956 is 1,364,163). It can thus be seen that the survey coverage constituted a high percentage of aggregate employment.

These statistics are in terms of establishments and of employees, with special emphasis on the number of employees, and particularly the number of non-office employees.⁽¹⁾ Only where conditions differ significantly between office and non-office employees will attention be drawn to the former. The reader should be reminded that an establishment is not necessarily the same as a firm. An establishment is a single physical unit - a factory, warehouse, store, ship, construction project - for which separate personnel and other records are available. Since many firms operate establishments in many locations, the number of establishments greatly exceeds the number of firms.

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- (1) Considerable information has been tabulated on this subject which is not published in this study. Breakdowns in terms of numbers of establishments and in terms of office employees have not always been used in this publication. However, such information can be made available upon request.

PREVALENCE OF HOSPITAL-MEDICAL BENEFITS IN CANADIAN INDUSTRY, APRIL 1957



PART A - INCIDENCE AND COVERAGE OF THE PLANS

Some form of group hospital and/or medical insurance was found in almost all manufacturing establishments in 1956. In fact, nine of every ten establishments covered by the survey reported some kind of plan. In terms of employees, 97 of every 100 employees in the survey group were in establishments which reported a plan.

A great majority of employers paid at least part of the cost of the plan. In about 70 per cent of all establishments surveyed, accounting for more than 80 per cent of all employees, the employer paid part or all of the premium (for details on this, see Part C). Where an establishment had a plan, only about one worker out of every ten had to pay the full cost.

Here is the information in greater detail:

Of the 6,166 establishments surveyed, 34 failed to report any information, leaving 6,132 establishments as the total to which all other figures will be related. Of this group 4,192 reported a plan which the employer financed at least in part, and there were 1,301 establishments where the employer made a plan available to his employees but did not contribute towards the premium. Thus, plans which were at least partly employer-financed were found in 68 per cent of the establishments surveyed (excluding the non-respondents) and in 76 per cent of the establishments reporting a plan. Plans to which the employer did not make a financial contribution were found in 21 per cent of the establishments surveyed and in 24 per cent of the establishments reporting a plan.

Of 1,001,935 employees in establishments surveyed (which excludes 2,711 employees of non-respondent establishments) 973,204, or 97 per cent were reported to have a plan available to them; this was made up of 201,012 office and 772,192 non-office employees. Of all the employees in establishments reporting a plan, 839,951 had employer contributory plans available to them; this was 86 per cent of all employees in establishments reporting a plan and 84 per cent of all employees in the survey group (except for those employed in non-respondent establishments). The remaining 133,273 employees worked in establishments which had a plan to which the employer made no financial contribution. Such employees constituted 14 per cent of all workers to whom a plan was offered and 13 per cent of survey coverage.

Table A1 PREVALENCE OF HOSPITAL-MEDICAL BENEFITS IN CANADIAN INDUSTRY, APRIL 1957
(Proportion of Non-office Employees in Establishments with Specified Benefits,
in Relation to Total Non-Office Employment in the Industry)

	Manu- factu- ring	Metal Mining	Coal Mining	Air Trans- porta- tion	Truck Trans- porta- tion	Rail- ways 1 (C.N.R. and C.P.R. only)	Rail- ways 2,3	Public Utili- ties	Wholesale Trade	Retail Trade 3	Hotels	Res- taur- ants	Laun- dries and Dry Clean- ing	Tele- phone Commu- nica- tion
Hospitalization.....	87.5	90.0	77.0	82.5	77.5	45.0	100.0	82.8	75.9	86.7	65.5	54.4	73.6	77.5
Surgical Benefits.....	89.5	95.5	75.2	95.4	86.7	43.8	99.3	95.6	84.1	79.4	66.0	48.7	69.8	99.9
Physician's Services in Hospital.....	77.5	93.5	80.2	99.6	65.1	43.8	99.3	92.1	69.5	68.8	58.0	47.9	55.7	100.0
Physician's Home and Office Calls.....	51.8	89.0	89.6	26.1	42.5	43.8	99.5	73.5	47.9	26.3	32.9	19.1	31.0	49.7

1 Running Trades.

2 Non-operating employees.

3 Including some office employees.

Notes: The data in this table refer to all of the establishments covered by the survey which reported the benefit in question, comprising plans in some cases entirely financed by the employer, in other cases partly employer financed and in still other cases plans to which the employer made no financial contribution. It will be observed that practically all of the subsequent tables refer only to plans which the employer at least partly financed; for that reason the other tables refer to contributory plans while the above table covers both contributory and non-contributory plans.

Prevalence of Hospital-Medical Benefits in the Main Branches of Canadian Industry, April 1957

Hospitalization and surgical benefits were made available to somewhat more than three-quarters of all non-office employees in manufacturing, compared with little more than one-half of all employees in the restaurant industry, at least 90 per cent of all employees in metal mining and virtually 100 per cent of all non-operating railway employees (the railway survey coverage was limited to the Canadian National and Canadian Pacific Railways).

Provision for physicians' services in the hospital was somewhat less widespread, although it was available to almost two-thirds of all non-office employees in manufacturing, and was actually more widespread than hospital or surgical benefits in some other industries such as coal mining and telephone communications.

Provision for physicians' home and office calls was much less prevalent: in manufacturing, only two-fifths of the employees were in establishments providing such a benefit; in air transportation, only one-quarter of the employees; in retail trade, a similar proportion; in restaurants, one-fifth. Only in metal and coal mining and in public utilities was this form of protection offered to any large number of employees.

Statistics on hospital insurance are affected by the existence of provincial government hospital insurance plans extended to most residents of Saskatchewan and British Columbia. The plan provided by the latter province is not financed by premium payments, but the Saskatchewan plan does require the payment of a regular premium by all participants.

Employers in British Columbia would not be expected to report the provincial hospitalization plan since it was not a condition of employment and they made no direct financial contribution to it. (The B.C. plan is financed by a special sales tax.) However, some employers in Saskatchewan might pay all or part of the premium charged for the provincial plan, and while the employees would not be covered by the plan as a result of their employment the payment by the employer of all or part of the premium must be taken into account. In such circumstances these establishments would be reported as providing a hospitalization plan partly financed by the employer.

Of course employers in both provinces might provide supplementary hospital insurance allowing for better facilities than set forth in the provincial schemes. Such forms of hospital insurance would be included in the statistics.

Growth of Group Hospital-Medical Benefits in Manufacturing from 1954 to 1957

Between 1954 and 1957, employer-contributory hospital-medical plans showed a steady increase (see Table A2). The smallest increase was for hospitalization, presumably because a large percentage of employees had this insurance available to them even in 1954. While surgical and hospitalization benefits were equally popular in 1954, the increase for surgical benefits was 15 per cent in the period covered, compared with 9 per cent for hospital insurance. Provision for physician's services in the hospital was offered to

slightly more than half of non-office employees in 1954; this increased to almost 70 per cent by 1957.

Provision for physicians' home and office calls increased from slightly more than one-third of non-office manufacturing employees in 1954 to almost one-half in 1957.

Table A2 EXTENT OF HOSPITAL-MEDICAL INSURANCE BENEFITS
IN MANUFACTURING, 1954 TO 1957, FOR
NON-OFFICE EMPLOYEES

Type of Benefit	1954	1955	1956	1957
Hospitalization:				
Percentage ^a	69.5	71.2	73.7	75.5
Survey Coverage ^b	755,186	718,087	765,011	804,953
Surgical Benefits:				
Percentage ^a	70.9	75.1	78.4	81.6
Survey Coverage ^b	763,212	722,680	765,011	804,953
Physicians' Services in Hospital:				
Percentage ^a	53.0	59.5	66.0	68.9
Survey Coverage ^b	765,619	729,570	765,011	804,953
Physicians' Home and Office Calls:				
Percentage ^a	36.4	41.2	45.4	47.7
Survey Coverage ^b	785,683	745,647	765,011	804,953
Major Medical Insurance:				
Percentage ^a	-	-	15.7	-
Survey Coverage ^b	-	-	765,011	-

a Employees in establishments providing the benefit, as a percentage of all employees in establishments surveyed.

b Total number of employees in all establishments covered by the survey, excluding employees in establishments which did not clearly specify whether or not the plan was financed at least in part by the employer.

Statistics on major medical insurance are available only for 1956, so that no comparison with previous years is possible. This is a comparatively recent form of insurance, designed to meet all or part of the cost of a prolonged illness requiring an extended period of hospitalization and/or medical care and perhaps extensive surgery as well. A typical plan may provide for payment of 75 per cent of expenses incurred in excess of those provided by the standard forms of hospital-medical insurance, or in excess of, say, the first \$100 of costs. A ceiling, usually of \$5,000, is set on benefits allowed.

These figures indicate the number of employees in establishments with plans at least partly financed by the employer. It must also be emphasized that the number of employees to whom a plan is made available is not the same as the number covered since some people choose not to be covered by the plan offered to them. Statistics on coverage appear later in this study.

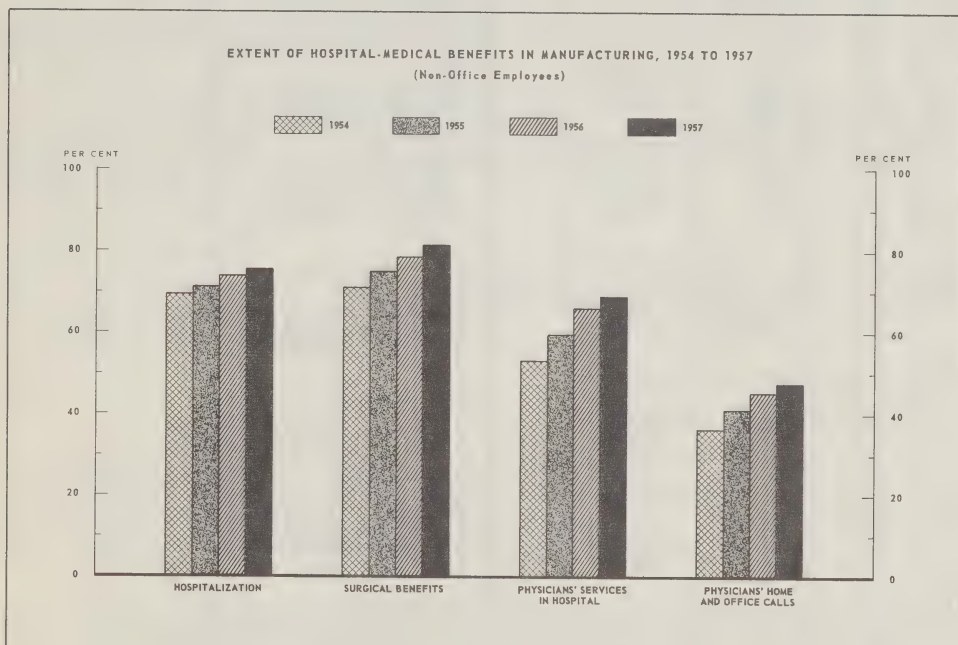


Table A3 EXTENT OF GROUP HOSPITAL-MEDICAL INSURANCE BENEFITS FOR NON-OFFICE EMPLOYEES IN MANUFACTURING BY COMPONENT INDUSTRY GROUPS, APRIL 1, 1957^a

(Proportion of employees in establishments providing each benefit in relation to total number of employees in all establishments surveyed^a)

Type of Benefit	MANUFACTURING	Food and Beverages	Tobacco and Tobacco Products	Rubber Products	Leather Products	Textile (Except Clothing)	Clothing (Textiles and Fur)	Wood Products	Paper Products
Hospitalization.....	\$ 75.5	\$ 71.5	\$ 95.5	\$ 96.4	\$ 65.9	\$ 89.1	\$ 55.0	\$ 40.9	\$ 74.1
Surgical Benefits.....	81.6	82.9	95.5	96.8	65.7	88.4	46.8	76.1	81.4
Physicians' Services in Hospital.....	68.9	69.6	98.3	91.7	55.2	98.3	33.1	68.3	68.9
Physicians' Home and Office Calls.....	47.7	48.5	13.8	76.6	22.5	16.9	13.5	50.3	47.3

Type of Benefit	Printing Publishing and Allied Industries	Iron and Steel	Transportation Equipment	Non-Ferrous Metal Products	Electrical Appliances and Supplies	Non-Metallic Mineral Products	Products of Petroleum & Coal	Chemical Products	Miscellaneous Manufacturing Industries
Hospitalization.....	\$ 68.8	\$ 89.5	\$ 84.9	\$ 62.8	\$ 72.2	\$ 70.0	\$ 82.0	\$ 87.9	\$ 83.1
Surgical Benefits.....	68.3	90.6	89.9	90.3	73.0	74.3	97.3	91.5	75.1
Physicians' Services in Hospital.....	69.9	80.6	82.7	84.1	60.7	60.1	75.3	82.0	53.8
Physicians' Home and Office Calls.....	35.3	54.9	75.2	55.8	49.8	41.3	67.8	46.1	27.0

^a A small number of the surveyed establishments was excluded, viz., those that did not indicate whether or not their plan was at least partly financed by the employer.

Variation in Benefits by Industry

The prevalence of specific benefits varied considerably from industry to industry within manufacturing (see Table A3). Hospital insurance, for example, was offered to 95 per cent of the non-office employees of the rubber industry compared with 41 per cent of the employees in wood products, although this may be explained by the fact that British Columbia, where the wood products industry is largely concentrated, has a government hospitalization plan.

If we compare the proportion of employees in each industry group to whom each type of benefit was made available with the average proportion for all manufacturing, it will be observed that four groups (paper products, transportation equipment, non-ferrous metallic products, and chemical products) showed a higher than average percentage for each of the five benefits.

As might be expected, the amount of inter-industry variation in the degree of prevalence of each benefit was greater for the less popular benefits than for the most popular.⁽²⁾

Hospital and surgical benefits were offered to about three-quarters of non-office employees; physicians' services in the hospital to two-thirds; physicians' home and office call benefits to somewhat less than half; major medical insurance to about one-sixth.

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- (2) The following table shows the proportion of employees in all manufacturing having each of the five benefits made available to them, along with the coefficient of variation:

	<u>Average Proportion</u>	<u>Coefficient of Variation</u>
Hospitalization.....	73.7%	16.3
Surgical benefits.....	78.4	15.2
Physicians' services in hospital.....	66.0	23.0
Physicians' home and office calls....	45.4	32.2
Major medical insurance.....	15.7	42.7

The coefficient of variation was obtained by dividing the means deviation (the average amount by which the proportion in each industry deviated from the average proportion for all industry) by the average and multiplying by 100.

Table A4 WORKERS COVERED BY EACH TYPE OF BENEFIT
(All Manufacturing Industries, April 1956)

Type of Benefit	A Survey Coverage ^x	B No. of Workers in Establishments Offering Benefit	C No. of Workers Covered by Benefit	Percentage C of A	Percentage C of B
<u>Office Workers</u>					
Hospitalization.....	204,140	159,626	134,648	66.0	84.4
Surgical Benefits.....	204,140	164,581	137,927	67.6	83.8
Physicians' Services in Hospital.....	204,140	141,128	119,927	58.7	85.0
Physicians' Home and Office Calls.....	204,140	100,758	88,461	43.3	88.0
Major Medical.....	204,140	41,871	34,259	16.8	81.8
<u>Non-Office Workers</u>					
Hospitalization.....	777,795	596,385	498,555	64.1	83.6
Surgical Benefits.....	777,795	634,333	520,716	66.9	82.1
Physicians' Services in Hospital.....	777,795	502,705	441,016	56.7	87.7
Physicians' Home and Office Calls.....	777,795	367,030	305,166	39.2	83.1
Major Medical.....	777,795	127,195	106,102	13.6	83.4

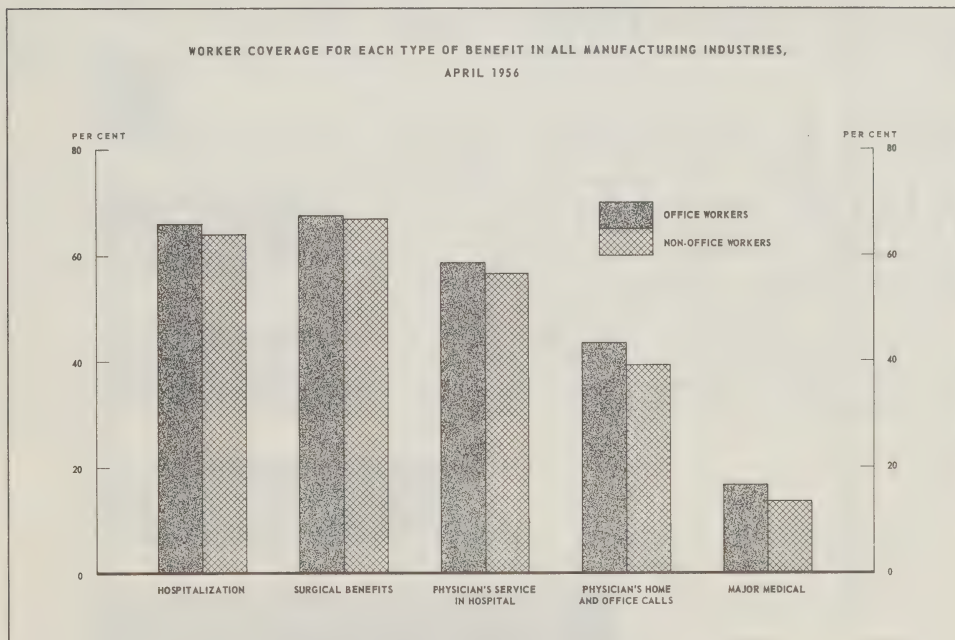
x The survey coverage for office workers is 204,881 minus 741 employees of establishments which failed to provide any information; similarly, for non-office workers it is 779,765 minus 1,970 employees of non-respondent establishments.

Employee Coverage

Coverage by benefit type as a proportion of total employment in the survey group varied widely, from one-sixth or less in the case of major medical insurance to two-thirds in the case of hospital and surgical insurance. In contrast to this variation, the proportion of employees covered by each type of insurance in relation to the total employment in establishments offering the protection, varied only slightly from one type of benefit to another: the percentages, as shown in the last column of Table A4, were all in the 80 per cent range. This shows that somewhat more than four-fifths of workers, office and non-office, took advantage of any plan offered to them and there was no pronounced tendency for workers to choose any one type of benefit.

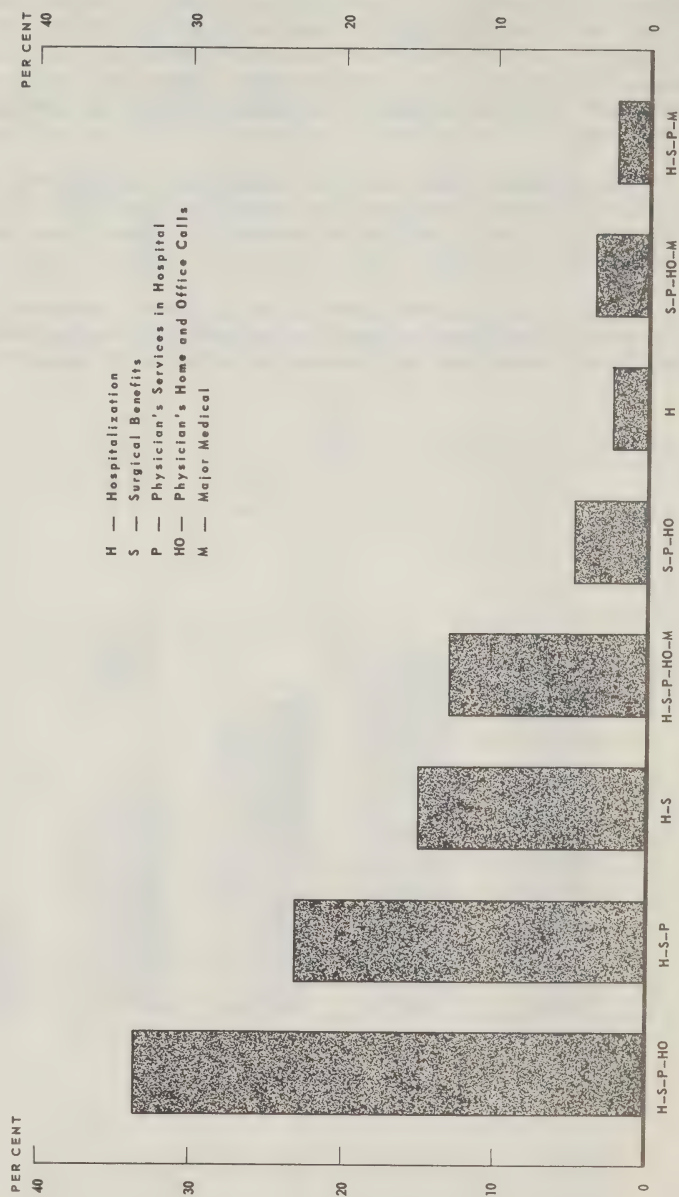
The primary reason for the difference between the number of employees covered and the number employed in an establishment with a plan is apparently that some workers choose not to be covered: a group plan rarely sets age limits on participation or excludes people who fail to meet certain medical standards.

It will be observed from Table A4 that a somewhat higher proportion of office than non-office workers was covered by hospital-medical insurance, but there is no consistent difference in relation to specific benefits.



THE EIGHT MAJOR COMBINATIONS OF HOSPITAL-MEDICAL BENEFITS FOR NON-OFFICE EMPLOYEES,

APRIL 1956



Popularity of Various Combinations of Hospital-Medical
Benefits in Manufacturing, 1956

Among the 31 possible combinations of the five types of benefits, eight were of most common occurrence with the remainder accounting for only 5 per cent of all establishments and about 3 per cent of all employees, both office and non-office. Of these eight, four predominated.

Provision for hospitalization and surgery was made in all four of the most popular combinations of benefits (the combinations shown first in the table), while provision for physicians' services in the hospital was made in three of the four; for physicians' home and office calls in two, and for major medical insurance in only one.

Most organizations providing hospitalization and medical insurance specialize in certain types of plan, although commercial insurance companies will provide almost any type of plan a client is prepared to pay for. Most of the non-profit organizations fall into one of three classes: those organized or approved by a hospital association (e.g., Blue Cross), those sponsored by the medical profession (e.g., Physicians' Services Incorporated in Ontario, or Maritime Medical Care Incorporated), and those operated by consumer co-operatives (e.g., Les Services de Sante du Quebec, Credit Union and Co-operative Health Service of British Columbia, and Co-operative Medical Services Federation of Ontario).⁽³⁾

It is not possible to list here the organizations in each province specializing in the more popular kinds of plan. However, it can be pointed out that hospitalization and surgery (including obstetrics) is a combination offered by insurance companies and many co-operatives, as well as by three of the five Blue Cross plans. The doctor-sponsored plans tend to offer surgery plus physicians' services in hospital, and sometimes include home and office calls. Two of the Blue Cross plans and some of the smaller co-operatives also provide hospitalization coverage only for those wanting it. Major medical insurance is a form of protection offered primarily by commercial insurance companies. Plans which incorporate hospitalization, surgical benefits, physicians' services in the hospital and physicians' home and office calls, are probably in most cases combinations of benefits provided by more than one organization.

(3) For more information on the organizations in this field, see Voluntary Medical Care Insurance, a study of non-profit plans in Canada, General Series Memorandum No. 4, Department of National Health and Welfare, Ottawa, April 1954; and Voluntary Hospital and Medical Insurance in Canada, 1955, published by the same Department.

Table A5(a) THE EIGHT MAJOR COMBINATIONS OF HOSPITAL-MEDICAL BENEFITS FOR
NON-OFFICE EMPLOYEES IN MANUFACTURING, APRIL 1956

Key

H - Hospitalization
S - Surgical Benefits
P - Physicians' Services in Hospital
HO - Physicians' Home and Office Calls
M - Major Medical

Combination of Benefits	Number of		Percentage of	
	Establish- ments	Non-Office Employees	Establish- ments	Non-Office Employees
			%	%
H-S-P-HO.....	1,044	220,365	25.9	33.5
H-S-P.....	1,015	151,629	25.2	23.1
H-S.....	606	97,947	15.0	14.9
H-S-P-HO-M.....	463	85,663	11.5	13.0
S-P-HO.....	232	31,174	5.8	4.7
S-P-HO-M.....	142	22,080	3.5	3.4
H.....	182	14,130	4.5	2.2
H-S-P-M.....	139	13,562	3.5	2.1
All Other Combinations...	213	20,913	5.1	3.1
Total ★.....	4,036	657,463	100.0	100.0

★ These totals comprise all the establishments and their employees, where a plan and specific benefits were reported.

Table A5(b) THE EIGHT MAJOR COMBINATIONS OF HOSPITAL-MEDICAL BENEFITS FOR
OFFICE EMPLOYEES IN MANUFACTURING, APRIL 1956*

Key

H - Hospitalization
S - Surgical Benefits
P - Physicians' Services in Hospital
HO- Physicians' Home and Office Calls
M - Major Medical

Combination of Benefits	Number of		Percentage of	
	Establish- ments	Office Employees	Establish- ments	Office Employees
			%	%
H-S-P-HO.....	1,035	60,483	26.5	35.5
H-S-P.....	979	32,918	25.0	19.3
H-S-P-HO-M.....	459	29,125	11.7	17.1
H-S.....	547	23,158	14.0	13.6
H-S-P-M.....	154	6,791	3.9	4.0
S-P-HO.....	215	4,866	5.5	2.9
S-P-HO-M.....	139	4,638	3.6	2.7
H.....	179	3,521	4.6	2.1
All Other Combinations...	203	4,855	5.2	2.8
★ Total.....	3,910	170,355	100.0	100.0

★ These totals comprise all the establishments and their employees, where a plan and specific benefit were reported.

Table A6 GROUP HOSPITAL-MEDICAL PLANS IN MANUFACTURING, APRIL 1956,
SHOWING THE THREE PREFERRED PLANS IN EACH COMPONENT INDUSTRY GROUP
(In each case the percentage relates to all non-office employees in that industry)

Key

H - Hospitalization
S - Surgical Benefits
P - Physicians' Services in Hospital
HO- Physicians' Home and Office Calls
M - Major Medical

Industry Group	H-S-P-HO	H-S-P	H-S	H-S-P-HO-M	S-P-HO	H
	%	%	%	%	%	%
Foods and Beverages.....	1 (27.5)	2 (27.0)	3 (21.2)			
Tobacco and Tobacco Products.....	2 (16.6)	1 (82.9)				3 (.5)
Rubber Products.....	1 (47.4)	2 (32.9)		3 (11.0)		
Leather Products.....		1 (32.2)	2 (25.7)	3 (14.6)		
Textile Products (except clothing).	3 (15.5)	2 (19.2)	1 (58.6)			
Clothing (textile and fur).....	3 (17.9)	1 (42.3)	2 (21.9)			
Wood Products.....	3 (15.0)	2 (21.2)			1 (23.5)	
Paper Products.....	1 (47.0)	2 (19.4)	3 (11.0)			
Printing, Publishing and Allied Industries.....	1 (34.8)	2 (33.4)		3 (10.5)		
Iron and Steel Products.....	1 (35.2)	2 (27.4)		3 (14.4)		
Transportation Equipment.....	1 (53.7)	3 (8.0)		2 (23.5)		
Non-Ferrous Metal Products.....	1 (38.7)	2 (30.0)		3 (8.4)		
Electrical Apparatus and Supplies..	1 (36.1)	3 (17.6)		2 (29.7)		
Non-Metallic Mineral Products.....	1 (44.2)	3 (19.2)	2 (19.4)			
Products of Petroleum and Coal.....	1 (45.2)		2 (28.5)		3 (11.2)	
Chemical Products.....	3 (23.0)	1 (33.2)		2 (23.6)		
Miscellaneous Manufacturing Industries.....	2 (22.8)	1 (41.4)		3 (13.9)		
Total.....	1 (34.6)	2 (23.8)	3 (15.4)			

Three Most Popular Types of Plans for Each of the Manufacturing Industries

In almost all of the manufacturing industries, at least three-quarters of the non-office employees were grouped under three preferred plans. In tobacco products, the first two most popular types of plan accounted for all but half of 1 per cent of the non-office employees.

Two exceptions were leather products, where only 72 per cent of the non-office employees had one of the three most popular types of plans offered to them, and wood products, where the proportion was 60 per cent.

The most popular combination of benefits in any particular industry was H-S-P in tobacco and tobacco products; this combination was made available to over four-fifths of the non-office employees of that industry. In only two other industries did any particular type of plan apply to more than half of the non-office employees: in transportation equipment, H-S-P-HO was made available to 54 per cent, and in textile products, H-S was offered to 59 per cent. In certain other industries, as will be observed from the table, certain types of plans were made available to almost half the employees. Since a substantial proportion of the employees of the wood products industry are in British Columbia, which provided a government hospitalization plan, it is not surprising that the most popular type of plan in that industry should have been S-P-HO, a plan which excludes hospitalization.

Table A7 (a) GROUP HOSPITAL-MEDICAL INSURANCE PLANS IN MANUFACTURING, APRIL 1, 1956,
SHOWING DISTRIBUTION OF NON-OFFICE EMPLOYEES BY TYPE
OF PLAN IN EACH SIZE OF ESTABLISHMENT

Establishment Size by Number of Employees	H-S-P-HO	H-S-P	H-S	H-S-P-HO-M	S-P-HO	S-P-HO-M	H	H-S-P-M	Total Employees	Total %
	%	%	%	%	%	%	%	%		
1 - 49.....	29.8	26.7	11.6	12.2	6.0	3.8	6.2	3.7	43,591	100.0
50 - 199.....	28.3	27.6	17.8	10.2	6.2	3.2	3.7	3.0	149,138	100.0
200 - 499.....	29.8	25.8	19.6	13.2	3.8	3.9	1.5	2.4	142,109	100.0
500 - 999.....	29.9	25.2	17.7	15.2	4.7	4.7	2.4	2.2	112,070	100.0
1,000+.....	48.3	17.8	9.9	15.5	4.5	2.6	.6	.8	189,641	100.0
Total.....	34.6	23.8	15.4	13.5	4.9	3.5	2.2	2.1	636,549	100.0

Table A7 (b) GROUP HOSPITAL-MEDICAL INSURANCE PLANS IN MANUFACTURING, APRIL 1, 1956,
SHOWING DISTRIBUTION OF ESTABLISHMENTS WITHIN EACH PLAN

Establishment Size by Number of Employees	H-S-P-HO	H-S-P	H-S	H-S-P-HO-M	S-P-HO	S-P-HO-M	H	H-S-P-M	Total %
	%	%	%	%	%	%	%	%	
1 - 49.....	5.9	7.7	5.2	6.3	8.5	7.5	19.1	11.8	6.9
50 - 199.....	19.1	27.2	27.1	17.7	29.9	21.4	38.8	33.1	23.4
200 - 499.....	19.3	24.2	28.3	21.9	17.1	24.9	15.5	25.0	22.3
500 - 999.....	14.2	18.6	20.3	19.9	16.9	24.0	18.8	18.2	17.6
1,000+.....	41.5	22.3	19.1	34.2	27.6	22.2	7.8	11.9	29.8
Total Percentage.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Number of Employees.....	220,365	151,629	97,946	85,663	31,174	22,080	14,130	13,562	636,549

Distribution of the Eight Major Combinations
of Benefits by Size of Establishment

In Table A7(a) the total number of employees in each size group is taken as 100 per cent which is broken down by the proportion of employees to which each of the eight types of plans was offered. In Table A7(b) the total number of employees to whom each of the eight major types of plans was offered is shown as 100 per cent which is distributed by the proportion of such employees in each size group.

Establishment size is determined, for purposes of this study, by the number of non-office employees working in an establishment. For this reason, all statistics broken down by size groups pertain to non-office workers only.

An examination of the data indicates that the more complete the plan (that is, the more benefits provided) the more popular it tends to be in the larger size of establishments as compared with the smaller establishments. However, the correlation between establishment size and number of benefits is not pronounced. The conclusions to be reached from an analysis of Table A7(b) are very similar to those arising from an analysis of the Table A7(a).

It must be realized that this analysis is based on a survey of many kinds of plans with considerable variation in conditions (as will be observed in Part B of this study) and in the types of benefits provided. One plan covering surgery may be more liberal in its cash allowances for various types of operations than another plan, or it may have fewer or less stringent restrictions, such as waiting periods, or it may carry less limiting stipulations regarding pre-existing conditions (restriction on the treatment of physical conditions which had existed before the member's enrolment in the plan) or it may be more generous than other plans in its provision for diagnostic and laboratory services. Similar variations will exist in plans providing the other forms of protection. These factors will not be considered in this study except for the matter of service and indemnification contracts, which will be examined in Part B; however, the reader should remember that statistics used here are subject to the limitations imposed by the internal variations in the nature of each of the five benefits examined.

PART B - CHARACTERISTICS OF THE PLANS

Voluntary participation in a plan whose benefits were usually in the form of indemnification (i.e., guaranteed reimbursement for medical expenses up to a fixed maximum sum for each type of service in accordance with an established schedule) and were made available to their dependents, was the rule for most employees of manufacturing establishments reporting some form of hospital and/or medical insurance which the employer helped finance. There were no significant differences in the plans as between office and non-office workers.

Among establishments reporting information on the question (4) three-quarters of them, employing 70 per cent of the workers, had plans in which employee participation was voluntary (See Table B1). Participation in the plan was a required condition of employment (hereafter to be called compulsory employee participation) more often for some combinations of benefits than for others, as will be observed from an examination of Table B2. Compulsory employee participation was far more prevalent in the case of the plans with a complete (or almost complete) complement of benefits than in the case of plans embodying only one or two benefits.

- (4) Of the 4,192 establishments reporting employer-contributory hospital-medical plans, 7 per cent did not report information on this question with respect to non-office employees, and 10 per cent with respect to office employees.

CHARACTERISTICS OF HOSPITAL-MEDICAL PLANS IN MANUFACTURING, APRIL 1956

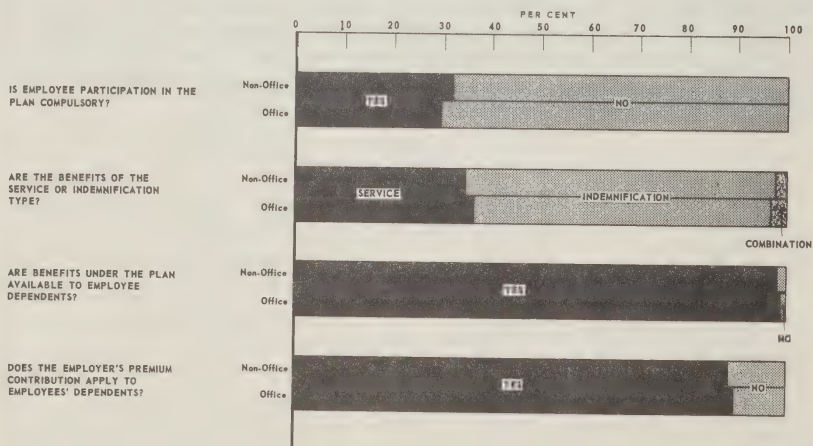


Table B1 CHARACTERISTICS OF GROUP HOSPITALIZATION AND MEDICAL INSURANCE PLANS IN MANUFACTURING, APRIL 1956
(By percentage distribution of employees)

	Non-Office		Office	
	Estab- lishments	Employees	Estab- lishments	Employees
Total number of establishments reporting an employer contributory plan.	4,192	664,794	4,192	175,137
Is employee participation in the plan compulsory?				
Yes.....	24.8%	31.8%	23.1%	29.4%
No.....	75.2	68.2	76.9	70.6
Total establishments answering this question.....	3,891	646,975	3,763	167,648
Are the benefits of the service or indemnification type?				
Service.....	31.6%	34.3%	31.3%	36.1%
Indemnification.....	66.5	63.0	66.7	60.6
Combination.....	1.9	2.7	2.0	3.3
Total establishments answering this question.....	3,602	615,042	3,487	162,466
Are benefits under the plan available to employee dependents?				
Yes.....	96.7%	97.8%	96.9%	98.6%
No.....	3.3	2.2	3.1	1.4
Total establishments answering this question.....	3,896	649,337	3,763	168,606
Does the employer's premium contribution apply to employees' dependents?				
Yes.....	90.8%	88.2%	90.8%	89.9%
No.....	9.2	11.8	9.2	10.1
Total establishments answering this question.....	3,810	640,498	3,687	166,462

Table B2 DISTRIBUTION OF ESTABLISHMENTS AND EMPLOYEES, SHOWING COMPULSORY OR
VOLUNTARY PARTICIPATION, BY THE EIGHT MAJOR TYPES OF PLANS, APRIL 1956
(By percentages of establishments and employees)

Key

H - Hospitalization
S - Surgical Benefits
P - Physicians' Services in Hospital
HO- Physicians' Home and Office Calls
M - Major Medical

	H-S-P-HO		H-S-P		H-S		H-S-P-HO-M		S-P-HO		S-P-HO-M		H		H-S-P-M	
	Est.	Empl.	Est.	Empl.	Est.	Empl.	Est.	Empl.	Est.	Empl.	Est.	Empl.	Est.	Empl.	Est.	Empl.
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
<u>Non-Office</u>																
Compulsory.....	27.4	36.7	22.2	26.5	28.1	33.3	29.9	37.1	13.6	14.4	30.4	32.6	13.8	19.5	22.3	25.0
Voluntary.....	72.6	63.3	77.8	73.5	71.9	66.7	70.1	62.9	86.4	85.6	69.6	67.4	86.2	80.5	77.7	75.0
<u>Office</u>																
Compulsory.....	28.6	35.3	20.3	26.0	23.1	27.1	28.1	26.7	13.5	9.1	25.2	47.5	13.6	14.3	17.9	20.2
Voluntary.....	71.4	64.7	79.7	74.0	76.9	72.9	71.9	73.3	86.5	90.9	74.8	52.5	86.4	85.7	82.1	79.8

(The percentages in this table relate to the total number of establishments and employees in establishments for which information on this question was provided.)

Variation by Industry

The extent to which employee participation was a condition of employment varied considerably not only from plan to plan but also by industry, as the following table shows (the table shows the percentage of non-office employees that were in establishments requiring participation):

Foods and Beverages	42.7%
Tobacco and Tobacco Products	13.8
Rubber Products	71.0
Leather Products	30.6
Textiles (except clothing)	31.5
Clothing (textile and fur)	36.6
Wood Products	16.5
Paper Products	49.3
Printing, Publishing and Allied Industries	19.3
Iron and Steel Products	36.2
Transportation Equipment	22.5
Non-ferrous Metals	34.2
Electrical Apparatus and Supplies	17.1
Non-metallic Minerals	30.3
Petroleum and Coal Products	29.1
Chemical Products	39.4
Miscellaneous Manufacturing Industries	24.5

An examination of the statistics has revealed more variation by industry than by type of plan. (This can be ascertained by comparing the extent of compulsory participation by industry, as shown above, with its extent by type of plan as shown on Table B2.)⁽⁵⁾ This suggests that the extent of compulsory participation was determined more by the policies of the various industries than by the nature of the plan.

-
- (5) In the industry distribution the average proportion of employees in establishments requiring participation in the plan was 32.0 per cent; the standard deviation was 13.6 percentage points, and the coefficient of variation (i.e., the average divided by the standard deviation times 100) was 42.5 per cent. In the distribution by the eight major types of plans the average for compulsory participation was 28.1 per cent, while the standard deviation was 7.7 percentage points and the coefficient of variation was 27.4 per cent.

Table B3 PROPORTION OF NON-OFFICE EMPLOYEES IN ESTABLISHMENTS WITH
COMPULSORY PARTICIPATION FOR THE EIGHT MAJOR TYPES OF PLANS,
BY SIZE OF ESTABLISHMENTS, APRIL 1956

Key

H - Hospitalization
S - Surgical Benefits
P - Physicians' Services in Hospital
HO- Physicians' Home and Office Calls
M - Major Medical

Establishment Size (by number of non- office employees)	H-S-P-HO %	H-S-P %	H-S %	H-S-P-HO-M %	S-P-HO %	S-P-HO-M %	H %	H-S-P-M %
1 - 49.....	19.4	18.7	23.2	21.9	3.3	20.1	8.2	20.4
50 - 199.....	29.5	23.5	26.3	28.1	14.2	39.5	18.5	24.2
200 - 499.....	36.0	29.6	35.2	51.9	8.1	29.2	20.9	25.7
500 - 999.....	48.7	34.9	45.6	51.1	24.0	16.0	36.6	44.3
1,000 and over.....	38.7	22.3	24.2	28.5	13.4	5.2	0	0

Variation by Size of Establishment

It appears that the size of establishment, far more than the type of industry, determines the extent of compulsory participation. It will be observed from Table B3, which shows the proportion of non-office employees in establishments where compulsory participation was the rule, ranged by establishment size, that the proportion increased from the smaller establishment sizes to the larger. However, the proportion in establishments of 1,000 workers and over dropped from that in establishments with 500 to 999 workers, back to almost the level of the third largest size group. Otherwise, there was a steady and noticeable increase in the extent of compulsory employee participation, from the smallest to the second largest size group.

Bearing in mind the possible relation between establishment size and the extent of compulsory employee participation, it may be asked why some employers require participation while others do not.

The organizations providing hospital-medical insurance (commercial insurance carriers, co-operatives, etc.) do not often require 100 per cent participation of all employees before establishing a plan. Ordinarily, this is the case only in very small establishments. An organization providing insurance in this field requires usually a minimum of 10 employees before a group plan can be set up. (If there are fewer than 10, insurance is provided, but on an individual contract basis, which entails somewhat higher premiums.) If the number of employees is between 10 and 25, 100 per cent participation of the group is required; to ensure full participation an employer will be obliged to make employee participation in the plan compulsory. As the number of employees increases, the proportion required to participate decreases until only 50 per cent participation is required in establishments with over 200 employees.

Except, therefore, in the case of very small establishments, compulsory coverage is not instituted because of any requirement of the insurance carrier. Moreover, as has been observed from the statistics in Table B3, the proportion of employees in establishments where compulsory participation is the rule was greater in the larger establishments than it was in the small ones.

Since in most cases it is not the policy of the insurance carrier that is responsible for compulsory employee participation where it exists, it must be a result of the policy of the employer. While one might speculate at length on the possible reasons for such a policy, the survey did not deal with this question.

Table B4 DISTRIBUTION OF ESTABLISHMENTS AND EMPLOYEES ACCORDING TO THE TYPE OF CONTRACT
(Service or Indemnification), IN THE EIGHT MAJOR TYPES OF PLANS, APRIL 1956
(By percentages of establishments and employees)

K2X

H - Hospitalization
S - Surgical Benefits
P - Physician Services in Hospital

H0 - Physician Home and Office Calls
M - Major Medical

	H-S-P-H0		H-S-P		H-S		H-S-P-H0-M		S-P-H0		S-P-H0-M		H		H-S-P-M	
	Est.	Empl.	Est.	Empl.	Est.	Empl.	Est.	Empl.	Est.	Empl.	Est.	Empl.	Est.	Empl.	Est.	Empl.
Non-Office																
Service.....	35.3	38.6	24.0	21.4	15.2	15.6	30.4	43.0	66.3	70.2	56.8	78.5	70.2	72.7	14.5	7.2
Indemnification..	61.9	57.6	74.4	76.7	89.5	89.5	67.2	52.2	33.2	28.9	40.8	19.3	29.8	27.3	89.1	91.0
Combination.....	2.8	3.8	1.6	1.9	1.3	.9	2.4	4.8	.5	.9	2.4	2.2	-	-	2.4	1.8
Office																
Service.....	34.3	38.2	24.5	32.9	16.5	19.8	29.4	36.0	63.2	63.2	56.5	84.3	70.4	79.4	13.0	11.9
Indemnification..	62.6	57.0	74.0	65.2	82.5	79.1	68.2	60.0	35.7	28.2	41.0	14.9	29.6	26.6	84.8	87.2
Combination.....	3.1	4.8	1.5	1.9	1.0	1.1	2.4	4.0	1.1	8.6	2.5	.8	-	-	2.2	.9

(The percentages in this table relate to the total number of establishments and employees in establishments for which information on this question was provided.)

Nature of the Benefits (Service or Cash Indemnification)

Approximately two out of every three group hospital-medical plans (financed at least in part by the employer) provided benefits of the cash indemnification type; slightly more than 60 per cent of all employees, non-office and office, were in establishments with this type of plan (see Table B1). Indemnification plans were defined in the 1956 Working Conditions Survey questionnaire as plans which guarantee reimbursement to individuals up to fixed dollar limits for hospital and/or medical expenses incurred.

Service plans were defined as those which guarantee to pay the full cost of the benefit rendered. Service plans have been made possible as a result of agreements with hospitals and/or doctors (or professional associations) by which the hospitals and doctors undertake to accept the fees paid by the plan as full payment for services rendered. Examples of service plans in the Province of Ontario are the Blue Cross with respect to hospital insurance (which will take the form of supplementary hospital insurance after January 1, 1959 when the provincial government hospital plan takes effect), and Physicians' Services Incorporated in the field of medical insurance.

Commercial organizations, as a rule, are not able to enter into such arrangements with hospitals or doctors and for this reason they provide benefits of the cash indemnity type. As noted above, the latter type of plan was considerably more prevalent in 1956 than service types.⁽⁶⁾ Approximately 2 per cent of all establishments with about 3 per cent of the employees had plans in which service and indemnification benefits were combined (see Table B1).

Variation by Type of Plan (Combination of Benefits)

It will be seen from Table B4 that service contracts were more popular in the case of plans provided by the insurance carriers having agreements with the hospitals, such as the Blue Cross, which is an organization sponsored or approved by the hospital association, and Physicians' Services Incorporated, which is a similar type of organization sponsored by the medical profession. The plans with the greatest proportion of indemnification contracts were those provided by the commercial insurance carriers. This can be said on the basis of general knowledge of these types of plans; however, no information was requested from the employers in the Working Conditions Survey as to the type of insurance carrier responsible for the plan in their establishment.

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- (6) Fourteen per cent of all establishments with respect to non-office employees and almost 17 per cent with respect to office employees, employing in each case somewhat more than 7 per cent of all workers, did not report the type of benefit provided.

Table B5 DISTRIBUTION OF ESTABLISHMENTS AND NON-OFFICE EMPLOYEES ACCORDING TO
THE TYPE OF CONTRACT (Service or Indemnification) FOR ALL PLANS, BY SIZE
OF ESTABLISHMENT, APRIL 1956
(By percentages of establishments and employees)

	1 to 49 employees		50 to 199 employees		200 to 499 employees		500 to 999 employees		1,000 and over employees	
	Est.	Empl.	Est.	Empl.	Est.	Empl.	Est.	Empl.	Est.	Empl.
Service.....	34.2	31.8	28.3	28.2	31.4	31.8	33.1	33.2	42.7	42.4
Indemnification.....	64.6	67.0	69.4	69.0	66.6	66.3	65.1	65.0	51.2	53.6
Combination.....	1.2	1.2	2.3	2.8	2.0	1.9	1.8	1.8	6.1	4.0
Total establishments and their employees report- ing information.....	1,462	40,231	1,437	143,998	455	141,128	166	111,114	82	178,571

Variation by Size of Establishment

Did establishment size or the nature of the industry have any noticeable connection with whether or not a plan was of the service or indemnification type? It will be observed from Table B5 that in the first four establishment size groups--that is, in establishments with up to 999 employees--there was very little variation in the proportion of non-office employees in establishments with service contracts and in those with indemnification contracts. However, in the largest size groups--that is in establishments with 1,000 employees and over--the popularity of the service type of plan increased. While no more than 33 per cent of employees in any groups up to 999 were found to be in establishments with service contracts, in the largest size group this proportion was 42 per cent, although even in this size group the indemnification contract was somewhat more prevalent.

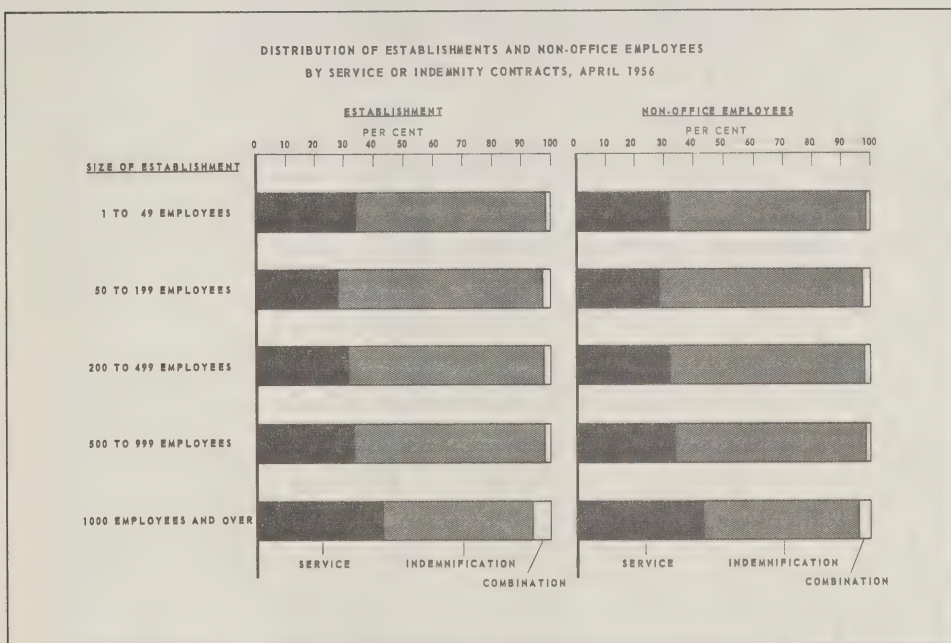


Table 86 DISTRIBUTION OF ESTABLISHMENTS AND THEIR NON-OFFICE EMPLOYEES ACCORDING TO TYPE OF CONTRACT
(Service or Indemnification) FOR ALL PLANS BY INDUSTRY, APRIL 1956
(By percentage of establishment and employees)

	Food and Beverages		Tobacco and Tobacco Products		Rubber Products		Leather Products		Textile Products (except clothing)		Clothing (Textile and Fur)		Wood Products		Paper Products		Printing, Publishing and Allied Industries	
	Est.	Empl.	Est.	Empl.	Est.	Empl.	Est.	Empl.	Est.	Empl.	Est.	Empl.	Est.	Empl.	Est.	Empl.	Est.	Empl.
Service.....	\$ 27.8	\$ 18.2	\$ -	\$ 44.8	\$ 54.7	\$ 28.6	\$ 23.5	\$ 23.8	\$ 15.4	\$ 29.0	\$ 21.3	\$ 41.9	\$ 33.3	\$ 26.6	\$ 26.4	\$ 33.7		
Indemnification..	70.4	74.6	100.0	48.3	30.4	68.6	63.8	76.2	84.6	69.4	67.4	57.0	64.7	62.2	62.3	64.8		
Combination.....	1.8	6.5	-	6.9	14.9	2.6	2.7	-	-	1.5	1.3	1.1	2.0	1.2	1.3	1.5		
Total establishment and employees in establishments reporting this information.....	551	61,061	18	6,884	29	14,412	77	10,232	164	40,336	201	24,829	384	40,688	204	55,964	228	18,685

	Iron and Steel Products		Transportation Equipment		Non-Ferrous Metals		Electrical Apparatus and Supplies		Non-Metallic Minerals		Petroleum and Coal Products		Chemical Products		Miscellaneous Manufacturing Industries	
	Est.	Empl.	Est.	Empl.	Est.	Empl.	Est.	Empl.	Est.	Empl.	Est.	Empl.	Est.	Empl.	Est.	Empl.
Service.....	\$ 28.6	\$ 22.2	\$ 34.3	\$ 55.8	\$ 39.5	\$ 45.7	\$ 33.8	\$ 21.0	\$ 27.1	\$ 29.4	\$ 24.4	\$ 43.4	\$ 43.4	\$ 46.3	\$ 22.2	\$ 26.8
Indemnification..	69.6	76.0	63.0	42.7	58.6	48.1	64.0	65.4	68.2	64.0	75.6	54.4	52.0	52.0	66.9	61.2
Combination.....	1.8	1.3	2.7	1.5	1.6	6.2	2.2	3.6	4.7	6.6	-	2.2	2.2	1.7	.9	2.0
Total establishment and employees in establishments reporting this information.....	569	112,363	400	101,029	124	30,666	136	39,449	129	12,733	45	8,652	226	26,180	115	10,879

Variation by Industry

From Table B6 it will be observed that the popularity of service contracts in comparison with indemnification contracts, varied considerably from industry to industry. The service type was least prevalent in the textile industry where only 15 per cent of non-office employees were in establishments with such contracts. They were found to the greatest extent in the transportation equipment industry with 56 per cent of non-office employees being offered such a plan.

The degree of inter-industry variation with respect to service as opposed to indemnification contracts, was not very different from the amount of variation with respect to compulsory or voluntary employee participation.⁽⁷⁾ An examination of the statistics indicates that the industries which had the highest proportion of service contracts also tended to be charged the highest premiums. There was a positive correlation between the extent of service types of contracts in an industry and the amount of premium paid.⁽⁸⁾

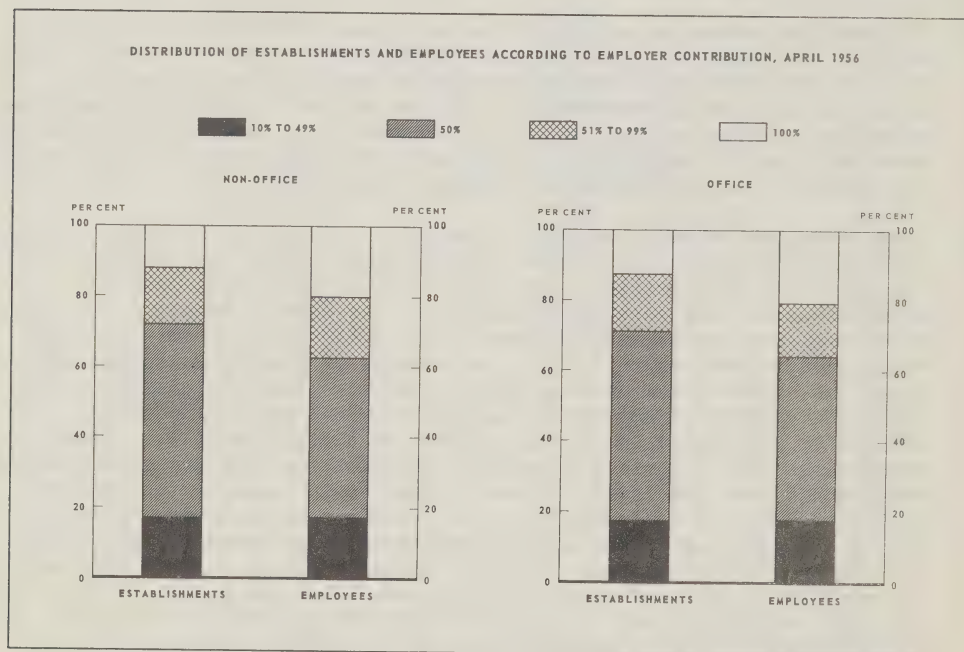
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- (7) The average proportion of non-office employees in establishments with service contracts was 33.5 per cent (unweighted arithmetic mean for the 17 industry groups) the standard deviation was 13.8 per cent and the coefficient of variation was 41.1. In the matter of compulsory employee participation the average proportion of non-office employees in establishments with such a provision was 32.0 per cent, the standard deviation 13.6 per cent and the coefficient of variation was 42.5.
- (8) Aside from the tobacco industry, in which there were no service contracts (and for which reason this industry was excluded from this analysis) the industry with the smallest proportion of non-office employees in establishments with service contracts was the textile industry; the proportion of employees in establishments with service contracts in each other industry was expressed as a percentage of that in textiles. At the same time, the average premium charged for the plans was also lowest in the textile industry and the average premium charged in the other industries was expressed as a percentage of that in textiles. These percentages for proportion of service contracts and for amount of premium were ranked from the lowest to the highest beginning with the textile industry. Both in the extent to which service contracts were prevalent and in the amount of premium, the textile industry ranked lowest while the transportation equipment industry ranked highest, that is, sixteenth. The rank coefficient of correlation between these two series of figures was .829, which indicates considerable correlation between the extent to which contracts were of service type and the amount of premium charged.

Benefits for Employees' Dependents

Almost 98 per cent of all non-office employees and 99 per cent of office employees were in establishments in which the plan included benefits for dependents of employees (see Table B1). In the case of plans embodying hospitalization alone, about 8 per cent of office employees and 13 per cent of non-office employees were in establishments where the plan did not include employee dependents; in the case of none of the other eight major types of plans was the proportion of such employees more than 1 or 2 per cent.

Application of the Employer's Premium Contribution to Employees' Dependents

In about 91 per cent of all establishments with almost 90 per cent of all employees, office and non-office, the employer reported that the contribution he made towards the premium applied to the dependents of his employees as well as to the employees themselves (see Table B1). In establishments where this was not the case, that proportion of the premium the employer paid would be applied only to the premium charged for the employee, and the latter would pay any additional premium charged in respect of his dependents.



PART C - FINANCING OF THE PLANS

In four out of every five establishments with a similar proportion of employees, both office and non-office, the employer paid at least 50 per cent of the premium charged for the type of plan in force (see Table C1). In somewhat more than 50 per cent of all establishments with somewhat less than 50 per cent of the employees, both office and non-office, the employer paid exactly 50 per cent of the premium; in one-eighth of the establishments with one-fifth of all employees, office and non-office, the employer paid the full cost.

Table C1 DISTRIBUTION OF ESTABLISHMENTS AND EMPLOYEES ACCORDING TO
AMOUNT OF EMPLOYER CONTRIBUTION IN ALL GROUP HOSPITAL-
MEDICAL INSURANCE PLANS IN MANUFACTURING,
APRIL 1956

<u>Employer Contribution</u> %	<u>Non-Office Employees</u>		<u>Office Employees</u>	
	<u>Establishments</u> %	<u>Employees</u> %	<u>Establishments</u> %	<u>Employees</u> %
10 - 49.....	16.8	17.1	17.2	17.3
50.....	55.0	45.6	53.9	46.7
51 - 99.....	15.9	17.3	16.0	15.2
100.....	12.3	20.0	12.9	20.8
Total No. ...	3,708	622,914	3,604	162,302

(The total number of establishments reporting a plan which the employer financed at least in part was 4,192 with 664,794 non-office and 175,137 office employees. Some establishments reported no information on the amount of employer contribution; these amounted to 459 with 39,134 non-office employees and 569 with 12,359 office employees. In addition 25 establishments with 2,746 non-office employees and 19 establishments with 476 office employees reported that the employer's contribution varied with the earnings of the employee. The percentages in the table above are based on the establishments and employees remaining after exclusion of those just mentioned.)

Table C2 PROPORTION OF PREMIUM PAID BY THE EMPLOYER IN EACH OF THE EIGHT MAJOR
TYPES OF HOSPITAL-MEDICAL INSURANCE PLANS IN MANUFACTURING, BY PROPORTIONS
OF EMPLOYEES IN EACH CASE, APRIL 1956

Key

H - Hospitalization
S - Surgical Benefits
P - Physicians' Services in Hospital

HO - Physicians' Home and Office Calls
M - Major Medical

Percentage of Premium Paid by Employer	H-S-P-HO	H-S-P	H-S	H-S-P-HO-M	S-P-HO	S-P-HO-M	H	H-S-P-M
	%	%	%	%	%	%	%	%
<u>Non-Office</u>								
10 - 49.....	16.3	22.2	14.4	11.8	22.5	16.8	14.8	23.1
50.....	49.6	39.3	44.3	37.4	53.8	76.6	35.6	32.6
51 - 99.....	15.4	24.9	21.5	13.0	6.7	5.0	9.8	29.8
100.....	18.7	13.6	19.6	37.7	16.9	1.6	39.8	14.5
Total employees.....	213,629	139,178	91,976	82,454	29,719	21,817	11,676	13,014
<u>Office</u>								
10 - 49.....	11.6	24.9	17.4	22.2	24.4	16.7	7.1	9.8
50.....	48.9	43.7	59.2	35.2	58.6	79.1	49.1	18.8
51 - 99.....	13.3	15.6	14.4	14.7	5.3	2.4	7.0	57.1
100.....	25.8	15.7	8.8	28.0	11.7	1.8	36.8	14.2
Total employees.....	57,981	31,017	22,035	28,028	4,617	4,566	3,127	6,342

(This table excludes all cases where the employer did not report what proportion of the premium he contributed or where the proportion was said to vary with the earnings of the employee. For the total number of employees in such situations, see Table C4.)

Analysis of Employer Contribution by Type of Plan

Table C2 shows the proportion of the premium paid by the employer for the eight major types of plan, based on the distribution of employees, office and non-office. Full employer financing was the rule to a greater extent for straight hospitalization than for any other type of plan. An examination of the statistics showed no significant correlation between the amount of employer contribution and the size of the premium. Thus, while full employer financing was a relatively frequent practice in the comparatively low-cost plans embodying hospitalization alone, it was almost as frequent in the most costly types of plan with all five benefits.

Information was collected from establishments on the size of the premium charged for the plan in force. The figures are not used here. Because they relate to April 1956 and because premiums have increased, according to the DBS, by about 20 per cent since that time, they are not sufficiently current to warrant publication. Moreover, there was such a wide dispersion in premium reported, even for the same combination of benefits, that any figure purporting to represent an average or typical premium could be misleading. Nevertheless, an examination of the data does justify certain general observations.

The spread of premiums reported was considerable, ranging from some unusually low figures to some very high ones. There was considerable variation in the premiums charged for different types of plan according to the benefits provided. In addition, there was a noticeable variation within each type of plan; obviously the allowances for hospital and medical services differ considerably from one insurance carrier to another, while some plans have fewer restrictions on entitlement to benefit.

The information reported indicates that there was little difference in average premiums between office or non-office workers of single or married status. This is to be expected since it is understood that none of the major hospital-medical insurance carriers charge a different premium for office as compared with non-office workers.

In the eight most popular types of plan the average premium tended to be somewhat higher for non-office than for office employees; also, among the married workers there was a greater degree of uniformity of premiums for the non-office group, but this variation did not apply to single employees.

In every case the lowest premium reported was for hospitalization alone, while the plans with all five benefits had the highest premiums. Plans incorporating all five benefits tended to carry a premium not much more than twice that for hospitalization alone.

Analysis By Size of Establishment

The statistics show that employers in the larger establishments tended to pay a larger share of the premium. This is illustrated in Table C3 which indicates the proportion of employer contribution by size of establishment for non-office employees. For reasons already given, analysis by establishment size is restricted to non-office employees.

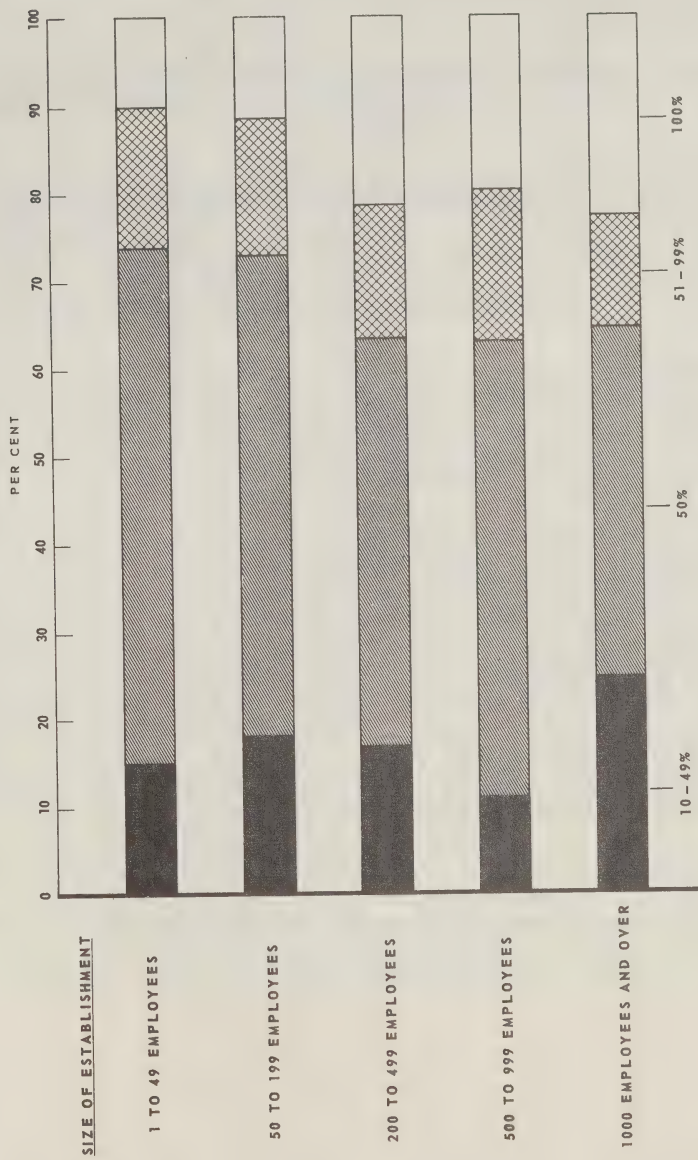
The practice of employers in the larger establishments was not typical of employers in general; a larger than usual proportion paid the full premium while at the same time an abnormally large proportion of them paid less than half the cost. A 50 per cent employer contribution was the usual practice. While the statistics show that 23 per cent of the employees in the largest size group were in establishments in which the employer paid the full premium, compared with 10 per cent of the employees in the smallest size group, the statistics also show that 24 per cent of the employees in the largest size group were in establishments where the employer paid less than 50 per cent of the premium compared with 15 per cent of such employees in the smallest size group.

It has been pointed out in earlier sections of this report that the plans provided in the larger establishments tended to have more benefits than those in smaller establishments, and there was a greater frequency of service types of contract in the larger establishments than in the smaller ones. It has already been pointed out that, on the whole, the plans tended to be more expensive the greater the number of benefits they embodied and also that service type contracts are more expensive than the cash indemnity types: for this reason one would expect to find larger than average premiums reported in the larger establishments. This was confirmed by an examination of the data on premiums.

Table C3 PROPORTION OF EMPLOYER CONTRIBUTION TO ALL GROUP
PLANS FOR NON-OFFICE EMPLOYEES, BY SIZE OF
ESTABLISHMENT, APRIL 1956

Size of Establishment	Proportion of Employees Where Employer Contribution was			
	10-49%	50%	51-99%	100%
	%	%	%	%
1 to 49 employees.....	14.9	58.8	16.3	10.0
50 to 199 employees.....	18.1	54.7	15.8	11.4
200 to 499 employees.....	16.8	46.5	15.4	21.3
500 to 999 employees.....	11.1	51.9	17.4	19.6
1,000 employees and over.....	24.4	40.1	12.9	22.6
Total.....	17.0	51.1	15.6	16.3

PROPORTION OF EMPLOYER CONTRIBUTION BY SIZE OF ESTABLISHMENT, APRIL 1956



Analysis By Industry

The proportion of non-office employees at various ranges of employer contribution is shown in Table C4 for each of the industries. There was considerably more inter-industry variation in employer contribution at the 100 per cent than at the 50 per cent level.

Table C4 PROPORTION OF EMPLOYER CONTRIBUTION TO ALL GROUP INSURANCE
PLANS FOR NON-OFFICE EMPLOYEES, BY COMPONENT INDUSTRY
GROUPS, APRIL 1956

Industry Groups	Proportion of Employees Where Employer Contribution Was			
	10-49%	50%	51-99%	100%
	%	%	%	%
Food and Beverages.....	11.5	54.7	15.2	18.6
Tobacco and Tobacco Products.....	.1	73.3	21.6	5.0
Rubber Products.....	2.7	11.0	19.6	66.8
Leather Products.....	16.2	56.8	20.4	6.7
Textile Products (except clothing).....	11.9	19.7	30.6	37.8
Clothing (textile and fur).....	21.0	43.3	16.6	19.1
Wood Products.....	26.5	55.3	12.9	5.5
Paper Products.....	31.3	29.8	31.1	7.8
Printing, Publishing and Allied Industries.....	20.7	60.5	15.5	3.2
Iron and Steel Products.....	9.1	47.4	21.3	22.1
Transportation Equipment.....	14.4	45.2	5.0	35.4
Non-Ferrous Metal Products.....	26.0	51.2	16.6	6.2
Electrical Apparatus and Supplies.....	22.3	51.0	13.2	13.4
Non-Metallic Mineral Products.....	19.0	54.5	19.5	7.0
Products of Petroleum and Coal.....	36.9	40.0	19.3	3.8
Chemical Products.....	24.0	47.3	17.9	10.8
Miscellaneous Manufacturing Industries...	11.4	50.9	12.3	25.4
Total.....	17.2	45.5	17.3	20.0

SUMMARY

The statistics presented in this report and the accompanying analysis show that the provision of some form of hospital-medical insurance has become the general practice in Canadian manufacturing industries. This insurance is almost always made available not only to the workers themselves but also to their dependents. Most employers pay at least half of the premium charged for the plan, including half of any additional premium charged for a worker's dependents.

In 1957 provision for coverage of surgical costs was the most widespread form of insurance in this field while hospital insurance was almost as prevalent; provision for physicians' services in the hospital was only slightly less popular. While the proportions of employees to whom these benefits were offered ranged from 70 to 80 per cent, only about half of all manufacturing employees had provision for physicians' home and office calls offered to them, and less than one-fifth of the workers were in establishments with major medical insurance.

Premiums reported in April 1956 covered a wide range because of the great variation in the number of benefits provided and in the liberality of provisions affecting entitlement to the benefits. On the average, a plan with all five benefits cost at least twice as much as a plan with hospital insurance only.

It has been observed that the larger establishments tended to have plans with more benefits; larger establishments tended to have the service type of contract more frequently; employers in the larger establishments tended to pay a larger proportion of the premium, and the premium itself tended to be somewhat higher than in the case of smaller establishments. One of the more likely explanations for this situation is that larger establishments may spend more money on an insurance plan because they can effect economies of operation that are not possible in smaller establishments.

An examination of the statistics indicated that the level of benefits and the related characteristics tended to be more generous from the employee's point of view in some industries than in others. While it is possible to offer some explanation for the difference in the level and scale of benefits as between large and small establishments, it is not within the scope of this study to explain why these differences should exist between one industry and another. Economic and institutional forces, including the product market, the labour market, and the existence or non-existence of collective bargaining, will all help determine the types of plans provided in each industry.

